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ANNUAL REPORT

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MANITOBA

THE MANITOBA PUBLIC INSURANCE CORPORATION

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Cover photos
Left to Right

- ***Marion Kalushka***
  Clerk, Special Risk Extension,
  Brandon

- ***Yam Yee***
  Estimator,
  Winnipeg West Claims Centre

- ***Debbie Dunstone***
  Adjuster,
  Bodily Injury Claims Centre, Winnipeg

Corporate Mission

To make high-quality automobile and general insurance products and services available to Manitobans at a reasonable cost.

Corporate Values

At MPIC, we value...

- ***Our Customers***
  Our customers' interests come first
- ***Our People***
  Our people are encouraged and helped to succeed
- ***Our Relationships***
  Our actions are based on trust, respect, appreciation and fairness
- ***Excellence and Innovation***
  Excellence and innovation in our work are recognized and rewarded
- ***The Community***
  We encourage the involvement of our people and our resources in community affairs
- ***Our Corporate Citizenship***
  We acknowledge our responsibility to exercise leadership in our role as a corporate citizen

Mel Stadnyk; Manager Financial Services Department, Winnipeg

Tom Town; Manager, Brandon Claims Centre

Susan Dyck; Clerk-Typist, Thompson Claims Centre

Letters of Transmittal

Winnipeg, Manitoba
28 February 1991

Honourable Glen Cummings
Minister Responsible for
The Manitoba Public Insurance Corporation

Dear Sir,

In accordance with Section 43(1) of The Manitoba Public Insurance Corporation Act, I have the honour to present the Annual Report of The Manitoba Public Insurance Corporation for the fiscal year ended October 31, 1990.

Respectfully submitted,

Harold Thompson
Chairman of the Board

■ ■ ■

MANITOBA

Winnipeg, Manitoba
1 March 1991

To His Honour
The Honourable George Johnson
Lieutenant-Governor of the Province of Manitoba

May It Please Your Honour:

I have the honour to submit the Annual Report of The Manitoba Public Insurance Corporation for the fiscal year ended October 31, 1990.

Respectfully submitted,

Honourable Glen Cummings
Minister

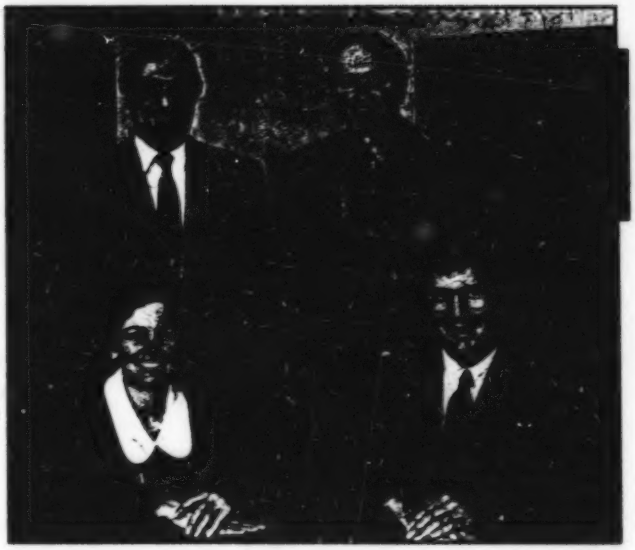
■ ■ ■

Left to Right

- **Harold Thompson** was president of Monarch Life Assurance Co. and chairman of the Canadian Life and Health Insurance Association before being appointed MPIC chairman. He is past-chairman of the University of Winnipeg Board of Trustees and director of the Winnipeg Rh Institute.

- **Jack MacIver** is owner of Midway Chrysler Plymouth in Winnipeg, a former Manitoba Motor Dealers Association president and Winnipeg Better Business Bureau executive.

- **J. Walter Bardua** joined MPIC as president and general manager after serving as vice-president at the Insurance Corporation of British Columbia. He is a board member of the University of Manitoba Faculty of Management's Centre for Entrepreneurship and the Property and Casualty Insurance Compensation Corporation.



Standing

- **Larry Lepischak** is an employee representative on the Board and an adjuster in the Portage la Prairie Autopac Claims Centre. He has worked for the Corporation for 11 years.

- **Don Penny** is managing partner of Meyers Norris and Penny chartered accountancy firm in Brandon. He is past-chairman of the Institute of Chartered Accountants of Manitoba and the Brandon and District Chamber of Commerce.

Seated

- **Ruth Konzelman** operates Rutchard Enterprises, Ltd. and is business manager for Selkirk's Main Dental Group. She is a board member of the Canada Standards Council and active in the Canadian Dental Hygienists Association.

- **Eric Stefanson** represents the Winnipeg riding of Kirkfield Park in the provincial legislature and is a partner in Stefanson and Lee chartered accountancy firm. As city councillor from 1982 to 1989, he was chairman of several boards and committees.

Executive Committee

Harold Thompson (Chairman)
Jack MacIver
Walter Bardua (Ex-officio)

Audit Committee

Don Penny (Chairman)
Harold Thompson
Ruth Konzelman
Walter Bardua (Ex-officio)

Planning/Budget Committee

Don Penny (Chairman)
Harold Thompson
Larry Lepischak
Walter Bardua (Ex-officio)

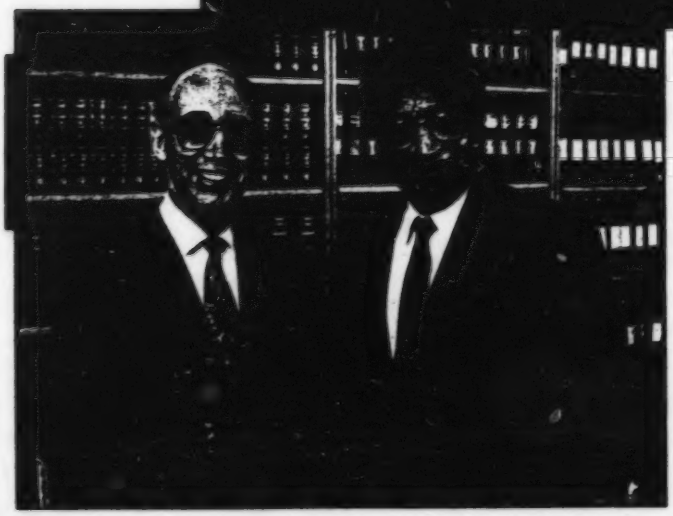
Corporate Officers

Left to Right

- **Henry Dribnenky**
  Vice-President,
  General Insurance Division
- **Jack Zacharias**
  Vice-President, Claims
- **J. Walter Bardua**
  President and General Manager

Left to Right

- **David Kidd**
  Vice-President, Insurance Operations and Assistant General Manager
- **Grahame Newton**
  Vice-President, Corporate and Community Relations
- **John Broere**
  Vice-President, Corporate Information Systems



Left to Right

- **Barry Galenzoski**
  Vice-President, Finance and Administration
- **Shanti Kapoor, Q.C.**
  General Counsel and Corporate Secretary

Five Year Comparison of Financial Statistics

FIVE YEAR COMPARISON OF FINANCIAL STATISTICS		1990	1989	1988	1987	1986
Automobile Insurance Division	Premiums Written ($000)	$ 308,099	292,108	297,374	246,354	220,337
	Claims Incurred ($000)	$ 268,857	246,264	230,163	278,637	219,172
	Number of Claims	176,652	171,410	229,227	248,837	245,936
	Average Cost per Claim ($)	$ 1,522	1,437	1,004	1,120	891
	Claims Expenses ($000)	$ 36,229	33,458	31,045	27,708	25,292
	Other Expenses ($000)	$ 47,230	42,450	37,561	29,475	26,010
	Income (Loss) ($000)	$ 9,864	20,493	20,049	(61,576)	(18,773)
	Vehicles Registered (at beginning of insurance year)	722,695	717,761	758,584	727,426	704,326
TOTAL CORPORATION	Investments at Year-End ($000)	$ 585,577	530,448	430,407	369,849	355,168
	Total Assets ($000)	$ 682,756	626,371	549,940	418,661	405,912

Improvements in Autopac No-Fault Accident Benefits (1971 vs. 1990)

BENEFITS	1971	1990
MEDICAL EXPENSES	$2,000	$100,000
PARTIAL DISABILITY	$25/week	$75/week
Minor	Actual earnings to above max.	Actual earnings to above max
Homemaker	$25/week	$75/week
TOTAL DISABILITY		
Maximum Payment	$75/week	$175/week min. or 70% of gross earnings to max. of $350/week
Minors	Actual earnings to the max.	Actual earnings to the max.
Homemaker	$75/week	$175/week
IMPAIRMENT		
Maximum Payment	$6,000	$20,000
Entitlement to Paraplegic	$6,000	$20,000
DEATH		
Payment to primary dependent	$5,000	$10,000
Payment to secondary dependent	$1,000	$2,000
Payment to self-supporting spouse of victim	$2,000	$10,000
Death (under 18 years)	$500	$2,000
Death (18 and over with no spouse or children)	$1,000	$2,000
Maximum payment (per family)	$10,000	No limit
FUNERAL EXPENSES	$500	$2,500

Chairman's Report

Harold Thompson

"Since its formation in 1971, the Corporation has become an integral part of every community in Manitoba."

This annual report marks the completion of another successful year for The Manitoba Public Insurance Corporation's Automobile Insurance Division and a positive resolution to the uncertainty surrounding the General Insurance Division's personal and commercial lines business.

Since its formation in 1971, the Corporation has become an integral part of every community in Manitoba. The presence of an Autopac claims centre or an MPIC agent's office makes us visible in literally dozens of cities, towns and villages. Claims adjusters who travel to many other communities bring our customer service commitment to even more motorists.

This year, Manitobans had an opportunity to discuss MPIC's services directly with senior officials of the Corporation. At public meetings in Winnipeg, Brandon and Thompson, presentations were made on MPIC's current activities and plans for the future. People with specific concerns were also able to speak with customer service representatives. We listened carefully to these concerns in an effort to learn more about our customers' expectations and to identify areas where service improvements may be required.

Another issue which attracted public attention during the year was the status of the General Insurance Division's personal and commercial lines of business.

In my report last year, I stated that the Government of Manitoba had released the findings of an independent consultant's report on options for these portfolios. After careful examination of all the alternatives, the government announced in July that it had reached an agreement with General Accident Assurance Company of Canada under

which MPIC would withdraw from personal and commercial lines, effective October 1, 1990.

This agreement achieved the government's objectives of protecting four key groups—Manitoba taxpayers, policyholders, insurance brokers and MPIC employees.

By withdrawing from business lines which had been losing money, a commitment to spend taxpayers' dollars more effectively was fulfilled. This was reinforced with a provision in the agreement which gives MPIC a percentage of the total premium for policies renewed by General Accident until the end of 1991.

The agreement guarantees that policyholders will receive offers of renewal from General Accident at prevailing competitive rates. An appeal mechanism has been established for any policyholder who believes his or her new premium is unreasonable. I am pleased to note that it has not yet been used.

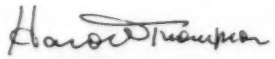
Independent insurance brokers selling MPIC personal and commercial policies were also automatically offered a contract appointment with General Accident.

The Corporation took measures to ensure minimal disruption for employees affected by the agreement. Working closely with the Manitoba Government Employees' Association, we are able to provide continued employment to these staff members at their present locations.

Two members resigned from the Board during the past year and I would like to take this opportunity to thank them for their contributions. Harold Gilleshammer, the MLA representative on the Board, resigned following his appointment to the provincial cabinet in September, while Joanne Thibault left to pursue other opportunities.

I would also like to welcome Eric Stefanson to the Board as the new MLA representative. Mr. Stefanson was appointed October 10, 1990, after being elected to represent the Winnipeg riding of Kirkfield Park in the Manitoba legislature.

I thank all Board members for their thoughtful counsel and support during the past 12 months. I look forward to another year of accomplishment in 1991.



Harold Thompson
Chairman of the Board

President's Report

J. Walter Bardua

"As a provider of service, we are driven by the needs of our customers—their interests come first in our corporate values."

Many of MPIC's accomplishments this year can be attributed to the dedicated efforts of staff at all levels of the Corporation. Their willingness to participate and co-operate was particularly evident as they worked to define the corporate values displayed at the beginning of this annual report.

These corporate values, like the personal values which guide an individual's choices and actions in life, provide direction to the way we conduct our business. They will help us fulfill our corporate mission and meet the goals we have set for ourselves.

The values reinforce our obligation to customers and define the level and quality of service they have a right to expect from us. As well, they give a framework to the many specific customer service improvements we want to make in the future.

As a provider of service, we are driven by the needs of our customers—their interests come first in our corporate values. We must be ready to gauge their needs accurately and respond quickly with the right products and services.

This commitment means more accessible claims service for motorists. In 1990, we opened a new claims centre in Steinbach to serve the entire southeastern region. As well, new claims offices are planned for Arborg and Beausejour in 1991 for the convenience of customers in the Interlake and eastern Manitoba.

No other resource is as critical to our success as the people who work for MPIC in communities throughout the province. In recognition of the major role they play in our operations, our employees figure prominently in MPIC's corporate values. Whether they deal directly with

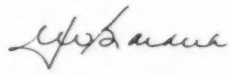
customers or provide support to those who do, our people are the source of our strength. We want to encourage them to excel at their jobs by offering them a challenging, rewarding and supportive work environment which has customer service as its primary focus.

The values emphasize the importance of establishing and maintaining positive relationships with our many business associates, such as automotive repairers, medical professionals and insurance brokers, who represent another important link with customers. Because we depend heavily on each other to deliver quality service to the public, our relationship with these groups must be based on mutual trust, respect, appreciation and fairness.

A commitment to excellence and innovation in everything we do is an important cornerstone of the Corporation's values. If there is a better or more efficient way of carrying out a task, we want to explore it — and we want to recognize the initiative of employees, and others, who show us the way.

As a responsible corporate citizen, we want to contribute to the quality of life in Manitoba by participating actively in the affairs of communities in which our employees work and reside. More than 76 per cent of our investment portfolio is made up of Manitoba municipal, hospital and school bonds and debentures, which benefit communities throughout the province. We also encourage our staff to support regional United Way campaigns, and back that up with matching corporate donations. Province-wide traffic safety programs are another highly-visible expression of our corporate citizenship.

Our corporate values reflect the strong sense of pride we feel in being a part of the community. As we head into our 20th year of operation, we are working to strengthen those bonds by reaffirming the central principle upon which all of these values are based — service to Manitobans.



J. Walter Bardua
President and General Manager

Jenny Hudson, Winkler adjuster trainee, began her career at MPIC through one of the many community work experience and re-entry programs supported by the Corporation.

"Fair and reasonable settlement of claims is a key component of our service strategy."

MPIC: A Part of the Community

When MPIC opened its doors to the public in 1971, its claims operations consisted of a single, leased office in Winnipeg.

Nineteen years later, we have grown to provide fast, efficient service through claims centres in 11 communities from Thompson in the north to Winkler near the U.S. border. Frequent visits by travelling adjusters extend our claims handling network to more than 100 other communities.

This decentralized approach means Manitobans have easy access to our services, which we are constantly striving to improve and streamline for the added convenience of customers. Making a claim is not an everyday occurrence for most motorists, so we believe we have a responsibility to make the process as "user-friendly" as possible.

Fair and reasonable settlement of claims is a key component of our service strategy. When they purchase an insurance policy, motorists are investing in security and peace of mind. Policyholders who become involved in an accident expect and deserve all of the policy benefits to which they are entitled.

Our claims staff are encouraged to treat customers as they themselves would expect to be treated and to ensure claimants are properly compensated for their loss. We reinforce this message with training and education, emphasizing not only the technical skills employees need to perform their jobs, but the service ethic they must bring to their dealings with the public.

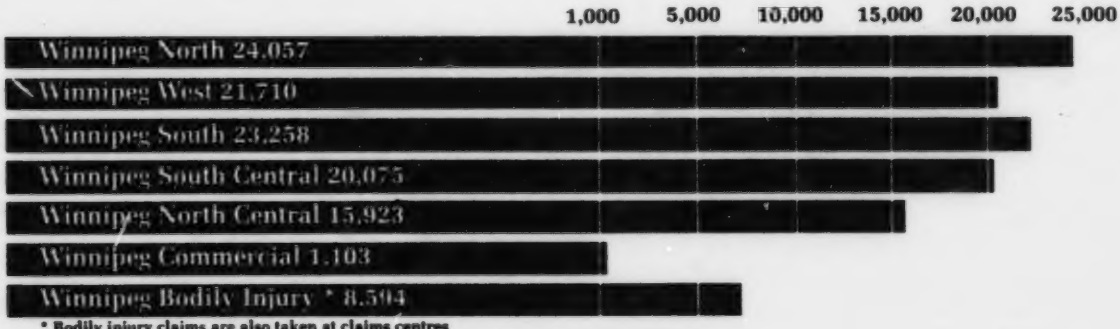
Nowhere is this commitment to the customer more evident than in the Corporation's prompt response to communities caught in the path of severe weather disturbances — an infrequent but at times devastating occurrence. During the past year, we dispatched adjusters to areas where summer hail storms caused extensive vehicle damage. In these instances, staff worked long hours or postponed holidays to get claims settled quickly and with minimum inconvenience to vehicle owners.

The men and women who sell our products form another important element of our province-wide service network. Our independent agency force offers valuable assistance to the insurance-buying public at nearly 400 locations throughout the province. Agents are highly-regarded by the public. In their communities, they are trusted advisors, counsellors and friends, who are in a unique position to keep MPIC informed of customer needs.

We support their efforts with training programs designed to provide agency staff with the skills required to establish and maintain high standards of customer service. Recognizing that we have a shared responsibility to give customers clear, concise information, we also supply agents with a wide range of informational brochures and pamphlets for distribution to the public. This year, four new brochures on frequently-asked claims questions were added to the eight coverage brochures already available through agents' offices.

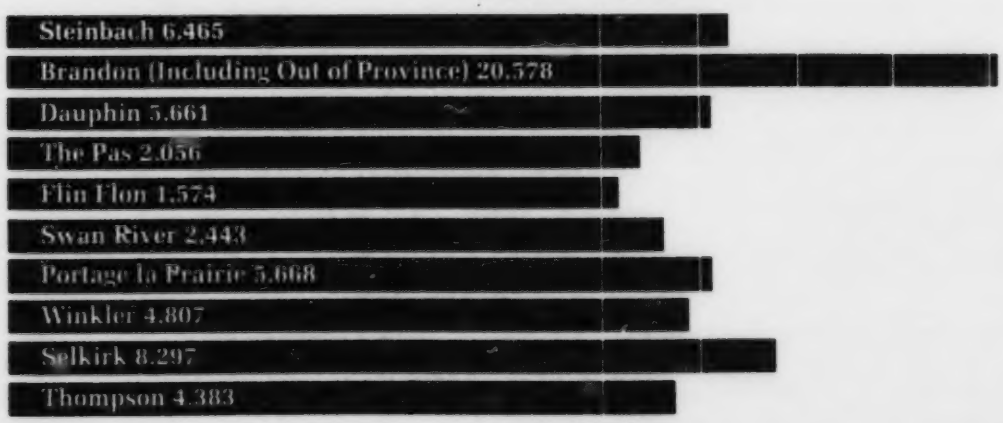
Complementing this extensive customer awareness and information program is our Public Enquiries Department, which responds to coverage and claims-related questions from motorists in all areas of the province. Their assistance is particularly in demand during the busy Autopac renewal period.

Autopac Claims by Location (Nov.1/89 - Oct.31/90)



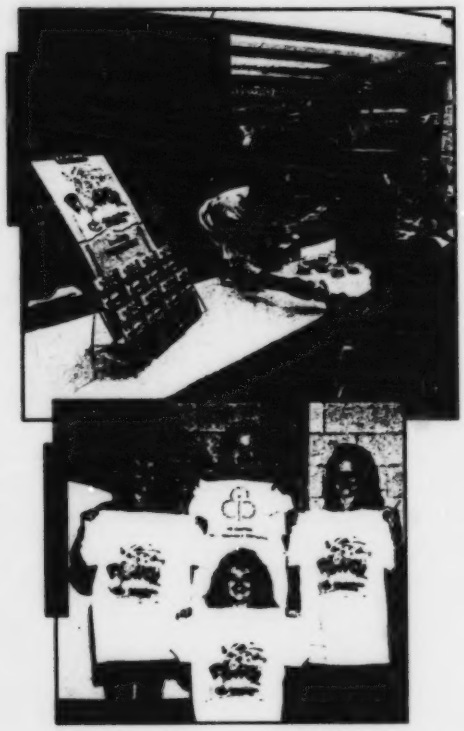
* Bodily injury claims are also taken at claims centres

Subtotal 114,720



Subtotal 61,932

CORPORATION TOTAL 176,652



Top photo
The "Autopac Safety Stop" activities and displays reminded young and old alike at a major shopping centre about the Corporation's traffic safety programs.

Bottom photo
High school students at a provincial leadership conference in Brandon learned about the Safe Grad and Teens Against Drinking and Driving programs and went home with our "Punch Back Against Drinking and Driving" T-shirts.

Traffic Safety — Everyone's Concern

In addition to our role as an insurer, MPIC is known to many in this province as a leader in the field of traffic safety promotion and education. The two responsibilities go hand-in- hand.

Of course, traffic safety means saving lives and preventing injuries. But there is another important benefit. Responsible driving behaviour leads to fewer accidents — which results in fewer insurance claims and lower insurance costs for everyone. We believe that money spent on traffic safety is a good investment, both in financial and human terms.

This year, we turned our attention to seat belts, which are widely recognized as one of the most effective ways for drivers and passengers to protect themselves from injury or death in an automobile accident. A study conducted in early summer revealed that only 65 per cent of Manitobans were using seat belts—a rate which was among the lowest in Canada.

Combining education with enforcement, we worked with police forces to organize a province-wide seat belt "blitz," involving an extensive public awareness campaign and a two-week program of roadside spot-checks. The initiative received strong support from the community and soon Manitobans were responding to our message that "Seat Belts Save Lives."

The results were gratifying. The average usage rate across the province climbed to 73 per cent, with some communities, such as Portage la Prairie, exceeding the 80 per cent mark. The success of this year's program led to plans for similar campaigns in the future in an effort to encourage even more Manitobans to buckle up.

Like the seat belt initiative, most of MPIC's traffic safety programs are aimed at drivers and passengers. But we also reach out to future motorists with our bicycle training program, offered

to 14,000 elementary school students annually. Our high school driver education program, which features both classroom and in-car instruction, gets about 9,000 new drivers off to a good start every year.

This year, we also reminded 140,000 elementary school students to "Be Bright on Halloween Night" by distributing free, colourful goodie bags to youngsters. K.G., a remote control miniature police car jointly funded by the Corporation and the RCMP, visited nearly 100 schools across the province to teach children the rules of the road. And we took our message to Winnipeg's largest shopping mall with the "Autopac Safety Stop," a popular traffic safety display appealing to Manitobans of all ages.

Insurance Protection at Cost

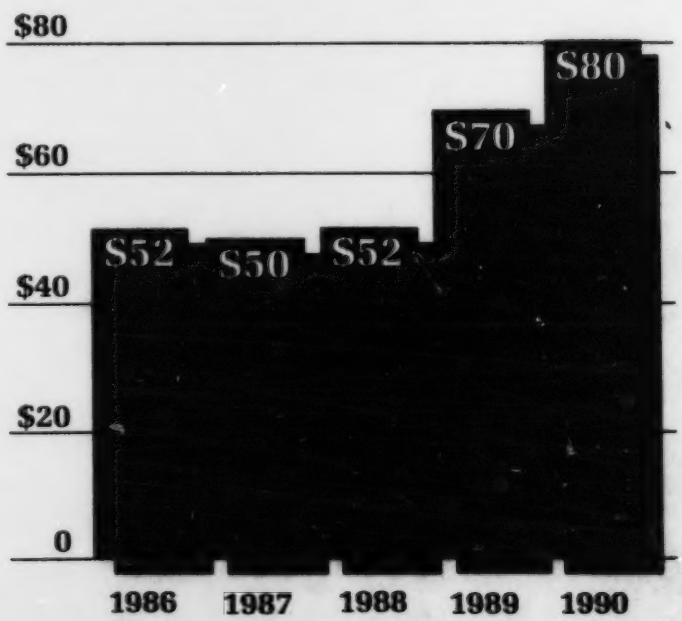
The insurance protection Manitobans purchase from MPIC, widely known as Autopac, is provided at cost. Any surpluses earned on our year-to-year operations are returned to the automobile insurance fund, where they are used to keep premiums affordable.

MPIC's premium revenue comes from two major sources—vehicle premiums and the premiums assessed on Manitoba driver's licences. Funds which are not needed immediately to pay for claims are invested in bonds and securities. The income from these investments, which totalled more than $57 million in 1989/90, greatly reduces the amount of revenue we need to raise through premiums — another important factor in keeping premiums reasonable.

MPIC helps fund K.C. (Kid Care) the RCMP mini-car's visits to special events and schools across the province.

If not for investment income, the average Autopac premium would have been $80, or 19 per cent, higher this year.

Investment Income -- Average Savings per Autopac Policy



Automobile Insurance Division

Top photo
Dave Edwards unloads one of the many boxes of food and other items donated by generous employees to the Christmas Cheer Boards in Winnipeg and other Manitoba communities.

Bottom photo
Rating Analyst Carole Oleschuk was one of four employees who appeared in television commercials promoting MPIC's "This Ride's On Us" New Year's Eve free transit program.

When a motorist registers a private passenger vehicle in Manitoba, he or she receives a complete package of insurance protection, which includes:

- **No-fault accident benefits.** Injured motorists are eligible for up to five categories of benefits, no matter which driver was at fault for the accident. In 1990, no-fault disability payments were increased and the higher benefit levels were automatically provided to those already receiving payments.

- **Third party liability coverage.** This offers protection against injury or damage claims made by others.

- **Underinsured motorist coverage.** Provided in combination with third party liability coverage, this affords protection to motorists who become involved in an accident with another driver who carries insufficient insurance to compensate them for their injuries.

- **All-perils coverage.** This coverage, subject to a deductible, compensates the owner for loss or damage to his or her vehicle.

Unlike some other jurisdictions, the sex, age or marital status of the vehicle owner do not play a role in how Autopac premiums are set. Rates are based on the make, model and year of the vehicle, the purpose for which it is used and the area of the province in which the owner resides. Individual driving records are used to determine a motorist's eligibility for premium discounts.

Financial Results on Target

The Automobile Insurance Division reported net income of $9.9 million for the fiscal year ending October 31, 1990. The performance was consistent with earlier forecasts, which suggested that net income would decline from last year's total of $20.5 million because of higher claims costs.

Total earned revenues rose to $362.2 million from $342.7 million in the previous year. This included $304.6 million from premiums earned, an increase of $11.9 million, and $57.6 million from investment income.

Claims incurred and associated claims expenses accounted for $305.1 million. This represents an increase of $25.4 million, most of which was due to higher bodily injury claims.

At $47.2 million, expenses were $4.7 million higher than last year. Factors contributing to the increase were higher compensation and depreciation costs, as well as increases in commissions and premium taxes, which vary in relation to premiums. Also included are expenses such as the cost of Public Utilities Board hearings into basic Autopac rates, which are charged to MPIC.

Injury Claims on the Rise

The number of claims reported to the Corporation rose by 5,242 to 176,652 while the average cost per claim increased to $1,522 from $1,437.

Continued growth in injury claims has emerged as a major challenge facing the Corporation. Total injury claims, including no-fault accident benefits, climbed by $14.5 million to $126.4 million this year. Whiplash and similar soft-tissue injuries were most prevalent, accounting for 78 per cent of the total number of injury claims. However, claims for catastrophic injuries, while less frequent, often result in dramatically higher costs because of the long term care required.

The phenomenon is not limited to Manitoba. Insurers everywhere are grappling with rapidly-escalating injury claims costs. A number of factors are thought to be contributing to this disturbing trend.

Tracy Lapka is an employee of Birds Hill Insurance Service — one of nearly 400 Autopac agencies which provide knowledgeable and efficient service to customers across Manitoba.

Autopac Claims by Type
(Nov. 1/89 - Oct. 31/90)

Single Vehicle Collision	10.3 %
Multi Vehicle Collision	42.9 %
Collision with Injury	8.9 %
Fire Loss	1.1 %
Total Theft Loss	1.2 %
Partial Theft Loss	2.1 %
Glass	18.4 %
Comprehensive	5.9 %
Bodily Injury	9.2 %

Automobile Insurance Division

Top photo
RCMP forensic lab scientist Ron Hrynchuk and MPIC Investigator Barry Ward watch as a written-off vehicle goes up in flames as part of the Corporation's burn tests to collect information on the causes and effects of vehicle fires.

Bottom Photo
Robin Kanovsky shows off a few of the 700,000-plus Autopac renewal forms sent to motorists annually. MPIC will begin staggering renewals throughout the year in the near future.

Injury claims are more complex to administer than vehicle damage claims. Also, injured claimants today often undergo longer and more costly courses of treatment.

In an effort to help claimants re-establish themselves in the community following a traumatic or catastrophic injury, we support the activities of various rehabilitative groups, such as the Manitoba Head Injury Association and the Canadian Paraplegic Association.

However, some costs, such as higher court awards, are beyond an insurer's control. These awards frequently set a precedent for future settlements reached directly with insurers.

On another front, our adjusters are constantly on the alert for potentially-fraudulent injury claims which, if unchecked, could lead to higher premiums for all policyholders. While the vast majority of claims are legitimate, insurance fraud is a problem which costs everyone, prompting many insurers, including MPIC, to step up preventive efforts.

Personal and Commercial Lines Discontinued

On July 25, 1990, the Government of Manitoba announced that it had reached an agreement with the General Accident Assurance Company of Canada under which the Corporation would discontinue writing personal and commercial policies, effective October 1, 1990.

Combined net income for these two lines of business in 1989/90 was $0.9 million (1988/89 — $0.3 million), consisting of $1.4 million net income for commercial lines and a $0.5 million net loss attributed to personal lines.

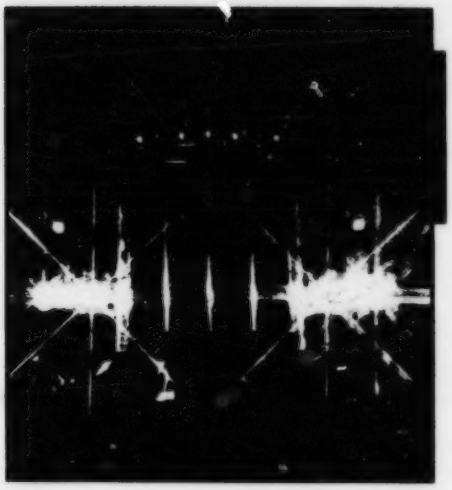
Premiums earned declined from $15.4 million to $13.7 million, while claims incurred and claims expenses fell to $5.6 million from $7.6 million the previous year.

Special Risk Extension: Additional Protection for Manitobans

The Special Risk Extension Department, located in Brandon, provides optional and specialty coverages for automobiles, commercial vehicles and off-road vehicles.

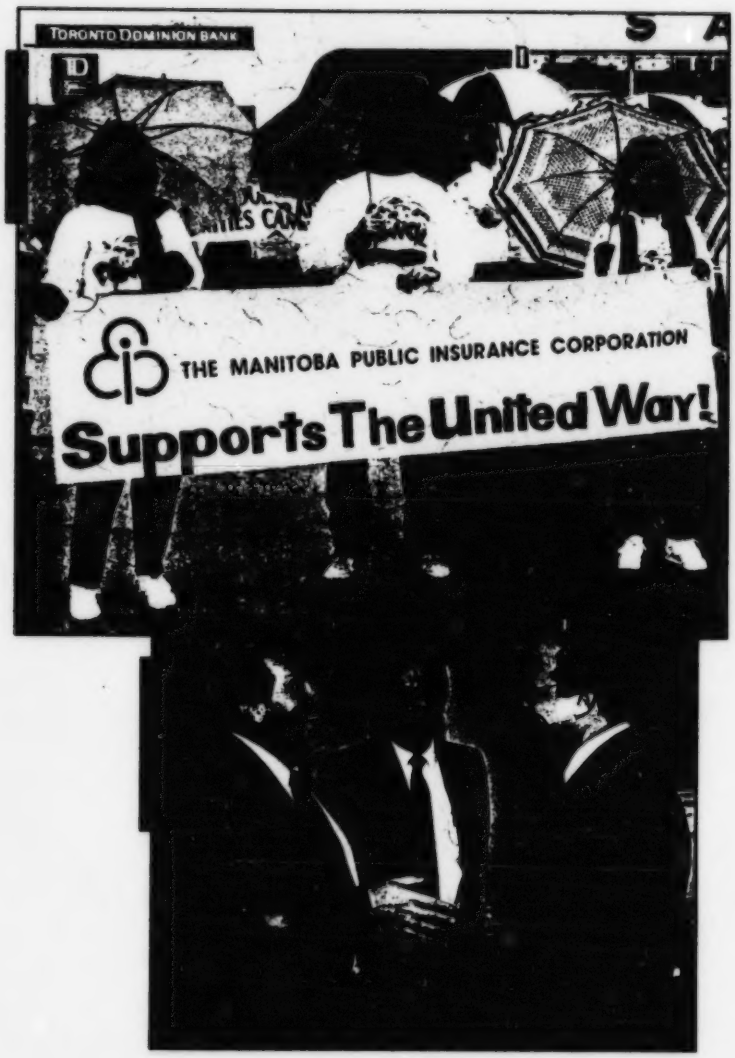
SRE net income was $9.8 million, compared to $9.3 million in 1988/89. Increased investment income—$5.8 million compared to $4.1 million the previous year—accounted for part of the improvement.

Premiums written decreased to $21.5 million from $21.9 million, primarily as a result of highly-competitive market conditions, particularly for major trucking fleet coverages. General economic uncertainty facing the Canadian transportation industry also had an impact on SRE business. Some fleet accounts were lost because trucking firms are no longer operating or were merged with other companies.



SRE is an important insurer for many of Manitoba's commercial trucking fleets.

"The Special Risk Extension Department, located in Brandon, provides optional and specialty coverages for automobiles, commercial vehicles and off-road vehicles."



Top photo
Bev Buytendorp, Marv Williamson and Marion Kalushka represented general and automobile insurance employees in a Brandon United Way Campaign parade. Including MPIC matching grants, more than $72,000 was raised in four regional campaigns.

Bottom photo
Brokers Reg Wyatt and Stan Ward share a story with David Cassidy, Manager of Corporate Marketing and Agency Development, during one of the quarterly MPIC/Insurance Brokers Association of Manitoba executive liaison meetings.

Claims incurred and claims expenses, were $10.9 million, compared to $10.4 million in 1988/89. Claims experience has been particularly favourable since 1987.

Operating expenses, commissions and premium taxes were $5.9 million, compared to $5.4 million last year.

A highlight of the year was the launch of a major new product, Purchase Price Plus (PPP), which provides depreciation coverage for new vehicles which are written off. PPP has proven a success, with about 25 per cent of new vehicle owners purchasing the coverage. The product was developed in consultation with brokers, who identified a strong customer demand for this type of insurance protection.

Responsibility for Financial Statements

The management of The Manitoba Public Insurance Corporation is responsible for the preparation and presentation of the financial statements and accompanying notes. The financial statements have been prepared in conformity with accounting principles generally accepted in Canada and reviewed and approved by the Audit Committee of the Board of Directors and the Board of Directors. The statements have been examined by Peat Marwick Thorne, independent external auditors, whose opinion is included herein.

The preparation of the financial information contained in the annual report necessarily involved the use of certain estimates and judgements which have been reached based on careful assessment of data available through the Corporation's information systems.

Preparation of financial information is an integral part of management's broader responsibilities for the ongoing operations of the Corporation. Management maintains an extensive system of internal accounting controls to ensure that transactions are accurately recorded on a timely basis, are properly approved and result in reliable financial statements. The adequacy and operation of the control systems are monitored on an ongoing basis by an Internal Audit Department.

The Audit Committee of the Board of Directors meets periodically with financial officers of the Corporation and auditors. The auditors have free access to this committee, with and without management present, to discuss the results of their audit work and their opinion on the adequacy of internal financial controls and the quality of financial reporting.

J. Walter Bardua,
President and General Manager

Barry W.Galenzoski,
Vice-President,
Finance & Administration

Auditors' Report

The Board of Directors
The Manitoba Public Insurance Corporation

We have audited the balance sheet of The Manitoba Public Insurance Corporation as at October 31, 1990 and the statements of operations and of retained earnings for the Automobile Insurance Division and the General Insurance Division and the statement of changes in cash and short-term investments and the schedule of investments for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at October 31, 1990 and the results of its operations and the changes in its cash and short-term investments for the year then ended in accordance with generally accepted accounting principles.

Peat Marwick Thorne
Chartered Accountants

Winnipeg, Canada
December 14, 1990

Report of the Property-Casualty Valuation Actuary

October 31, 1990

I, David J. Oakden, am associated with Tillinghast, a Towers Perrin Company. I am a Fellow of the Canadian Institute of Actuaries and the Casualty Actuarial Society. My firm has been retained by the Manitoba Public Insurance Corporation, and I have been assigned to review the policy and claim liabilities of the Manitoba Public Insurance Corporation.

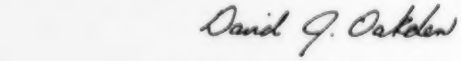
I have made a valuation of the policy and claim liabilities listed below, for the Manitoba Public Insurance Corporation, for its balance sheet at October 31, 1990.

My review was limited to the liability items shown herein and did not include an analysis of any other balance sheet items.

This opinion is being rendered with respect to policy and claim liabilities net of ceded reinsurance. I have not anticipated any contingent liability which would arise if any of the reinsurers prove unable to meet their loss and loss adjustment expense obligations under terms and conditions of their contracts with the Manitoba Public Insurance Corporation.

In my opinion, (i) the valuation conforms to the Recommendations for Property-Casualty Insurance Company Financial Reporting of the Canadian Institute of Actuaries, and (ii) the amount of the policy and claim liabilities (as shown below) makes proper provision for the future payments under the Corporation's policies.

Automobile Insurance Division	
Unearned Premiums	$ 108,086,000
Unpaid Claims	$ 359,674,000
Deferred Premium Acquisition Costs	$ 8,868,000
General Insurance Division	
Unearned Premiums	$ 14,226,000
Unpaid Claims	$ 65,369,000
Deferred Premium Acquisition Costs	$ 2,838,000



David J. Oakden
F.C.I.A., F.C.A.S.
December 12, 1990

THE MANITOBA PUBLIC INSURANCE CORPORATION
1989/90
FINANCIAL STATEMENTS

Automobile Insurance Division - Statement of Operations

	Year Ended October 31	
	1990	1989
	(in thousands of dollars)	
REVENUE		
Premiums written	**$308,099**	$292,108
Premiums earned	**$304,624**	$292,672
Investment income	**57,556**	49,993
Total earned revenues	**362,180**	342,665
CLAIMS COSTS		
Claims incurred	**268,857**	246,264
Claims expense	**36,229**	33,458
	305,086	279,722
EXPENSES		
Operating	**22,386**	18,709
Commissions	**15,568**	14,812
Premium taxes	**9,276**	8,929
	47,230	42,450
Total claims and expenses	**352,316**	322,172
INCOME FOR THE YEAR	**$ 9,864**	$ 20,493

General Insurance Division - Statement of Operations

	Year Ended October 31			
	1990		1989	
	(in thousands of dollars)			
REVENUE				
Premiums written	$ 21,542		$ 21,920	
Premiums earned	$ 20,766		$ 20,941	
Investment income	5,819		4,128	
Total earned revenues	26,585		25,069	
CLAIMS COSTS				
Claims incurred	10,565		10,101	
Claims expense	337		299	
	10,902		10,400	
EXPENSES				
Operating	3,065		2,541	
Commissions	2,210		2,199	
Premium taxes	645		650	
	5,920		5,390	
Total claims and expenses	16,822		15,790	
Income before discontinued operations	$ 9,763		$ 9,279	
Income from discontinued operations (Note 11):				
Personal and commercial lines	$ 889		$ 315	
Reinsurance assumed	443	1,332	343	658
INCOME FOR THE YEAR	$ 11,095		$ 9,937	

Balance Sheet

	October 31 1990	1989
	(in thousands of dollars)	
ASSETS		
Cash and short-term investments (Note 4)	**$ 99,046**	$ 88,491
Accounts receivable (Note 5)	**40,836**	39,535
Prepaid expenses and inventories	**952**	1,010
Deferred premium acquisition costs	**11,706**	11,663
Investments (Schedule 1)	**478,588**	434,243
Receivable from Province of Manitoba (Note 10)	**32,193**	32,193
Property and equipment (Note 6)	**18,714**	16,197
Organizational and deferred development costs	**721**	3,039
	$682,756	$626,371

Approved by the Board:

Harold Thompson
Chairman

Director

Balance Sheet

	Year Ended October 31 1990	1989
	(in thousands of dollars)	
LIABILITIES AND RETAINED EARNINGS		
LIABILITIES		
Automobile Insurance Division		
Accounts payable and accrued liabilities	**$ 17,328**	$ 14,779
Provision for pension	**28,760**	24,397
Unearned premiums	**108,086**	104,612
Provision for unpaid claims	**359,674**	320,576
	513,848	464,364
General Insurance Division		
Accounts payable and accrued liabilities	**6,057**	9,970
Provision for pension	**4,562**	3,870
Unearned premiums	**14,226**	15,439
Provision for unpaid claims	**65,369**	74,993
	90,214	104,272
	604,062	568,636
RETAINED EARNINGS		
Automobile Insurance Division	**41,326**	31,462
General Insurance Division	**37,368**	26,273
	78,694	57,735
	$ 682,756	$626,371

Automobile Insurance Division - Statement of Retained Earnings

	Year Ended October 31 1990	1989
	(in thousands of dollars)	
Unappropriated:		
Balance at beginning of year	$ —	$ —
Income for the year	9,864	20,493
Transfer to reserve for rate stabilization	(9,864)	(20,493)
	—	—
Appropriated:		
Reserve for rate stabilization	41,326	31,462
RETAINED EARNINGS AT END OF YEAR	$ 41,326	$31,462

General Insurance Division - Statement of Retained Earnings

	Year Ended October 31	
	1990	1989
	(in thousands of dollars)	
Balance at beginning of year:		
Special risk extension	**$ 25,585**	$ 16,306
Personal and commercial lines	**(2,435)**	(2,750)
Discontinued reinsurance assumed operations	**3,123**	2,780
	26,273	16,336
Income for the year:		
Special risk extension	**9,763**	9,279
Discontinued personal and commercial lines	**889**	315
Discontinued reinsurance assumed operations	**443**	343
	11,095	9,937
Balance at end of year:		
Special risk extension	**35,348**	25,585
Discontinued personal and commercial lines	**(1,546)**	(2,435)
Discontinued reinsurance assumed operations	**3,566**	3,123
	$ 37,368	$ 26,273

Statement of Changes in Cash and Short-Term Investments

	Year Ended October 31	
	1990	**1989**
	(in thousands of dollars)	
RESOURCES PROVIDED FROM (APPLIED TO) OPERATIONS		
Income for the year from continuing operations	**$ 19,627**	$29,772
Non-cash items:		
Depreciation and amortization	**2,806**	2,719
	22,433	32,491
Discontinued operations	**(1,919)**	3,667
	20,514	36,158
INCREASE (DECREASE) IN RESOURCES		
Accounts receivable	**(3,671)**	(1,460)
Prepaid expenses and inventories	**61**	(56)
Deferred premium acquisition costs	**(513)**	33
Accounts payable and accrued liabilities	**2,755**	2,272
Provision for pension	**4,603**	4,287
Unearned premiums	**4,250**	414
Provision for unpaid claims	**40,817**	44,260
	48,302	49,750
RESOURCES PROVIDED FROM (APPLIED TO) INVESTING ACTIVITIES		
Acquisition of property and equipment, net of proceeds from disposals	**(4,629)**	(4,115)
Change in investments	**(53,506)**	(86,824)
Change in organizational and deferred development costs	**(126)**	252
	(58,261)	(90,687)
INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS	**10,555**	(4,779)
Cash and short-term investments at beginning of year	**88,491**	93,270
CASH AND SHORT-TERM INVESTMENTS AT END OF YEAR (NOTE 4)	**$ 99,046**	$ 88,491

Notes to Financial Statements

October 31,1990

1. *STATUS OF THE CORPORATION*

The Manitoba Public Insurance Corporation was incorporated as a Crown Corporation under The Automobile Insurance Act in 1970. In 1974 The Automobile Insurance Act was revised and became The Manitoba Public Insurance Corporation Act (Chapter A180 of the continuing consolidation of the statutes of Manitoba). In 1988 the Act was re-enacted in both official languages as Chapter P215 of the Statutes of Manitoba.

Under the provisions of its Act and regulations, the Corporation operates an automobile insurance division and a general insurance division. The automobile insurance division provides universal compulsory automobile insurance and extension coverage upon such terms and conditions as may be prescribed by the regulations. The general insurance division insures such risks as personal property, commercial property, liability, and special risk extension coverage. For financial accounting purposes, the automobile insurance division and the general insurance division are regarded as separate operations and their revenues and expenses are allocated on a basis described in the summary of significant accounting policies.

2. *BASIS OF REPORTING*

The financial statements of the Corporation are in such form as prescribed by Section 43(1) of The Manitoba Public Insurance Corporation Act and are presented in accordance with generally accepted accounting principles.

3. *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

This summary outlines those accounting policies followed by the Corporation which have a significant effect on the financial statements.

Deferred Premium Acquisition Costs

Commissions and premium taxes are charged to expense over the terms of the insurance contracts to which such costs relate.

Investments

Investments are carried at amortized costs. The applicable discounts or premiums are amortized over the life of the investment. Funds available for investments are invested by the Department of Finance, on behalf of the Corporation, in accordance with Section 12(1) of The Manitoba Public Insurance Corporation Act. Gains and losses realized on the disposal of investments are recognized on the date of sale.

Notes to Financial Statements (continued)

Property and Equipment

■ Property and equipment are stated at cost less accumulated depreciation. Depreciation is provided on a straight line basis at rates which will amortize the cost of each asset over its estimated useful life at the following annual rates:

Buildings	2.5%
Equipment	10.0%
Data processing equipment	33.3%
Automotive equipment	20.0%
Land improvements	4.0%

Leasehold improvements are amortized over the term of the lease plus the first renewal period.

Organizational and Deferred Development Costs

■ The costs of organizing or re-organizing major computer programs which are expected to be of continuing benefit to the Corporation are deferred to future periods. These organizational and computer program expenditures are stated at cost net of accumulated amortization and are amortized on a straight line basis at the rate of 10% per year.

Pension Plan

■ The employees of the Corporation are subject to the Civil Service Superannuation Act. Included in the accounts is a provision for the full funding of the employer's future pension liability calculated on an indexed basis, based on the most recent actuarial valuation at December 31, 1989. Experience gains and losses are amortized over the expected average remaining service life of the employee group.

Severance Pay

■ Employees of the Corporation are entitled to severance pay in accordance with the Collective Agreement and company policy. The liability for severance pay based on an actuarial valuation at October 31, 1988, is being amortized over fourteen years commencing with the 1988 fiscal year.

Unearned Premiums

■ The liability for unearned premiums is the portion of premiums that relate to the unexpired term of each insurance contract.

Provision for Unpaid Claims

■ The provision for unpaid claims includes a provision for reported unpaid claims, an estimate for unreported claims and a provision for claims adjusting costs for reported and unreported claims.

Long term disability claims are recorded on a discounted basis to reflect the time value of money.

Premium Deficiencies

■ A premium deficiency exists when future claims and expenses exceed

Notes to Financial Statements (continued)

unearned premiums. In calculating a premium deficiency, the Corporation recognizes anticipated investment income.

Allocation of Revenue, Claims Incurred and Expenses

■ Premiums written, premiums earned and claims incurred are allocated directly to the division writing the insurance risk.

Investment income has been allocated to the automobile and general insurance divisions based on a monthly averaging of the funds available within each division.

Expenses, including claims expense, are allocated to the automobile and general insurance divisions on the following basis:

i) Identifiable direct expenses are charged to each division.

ii) Where direct allocation is impracticable, expenses are prorated to each division based on factors such as space, number of employees, time usage, etc. The formulas developed for the allocation of expenses are approved by the Board of Directors.

Reinsurance Ceded

■ The financial statements are prepared net of ceded reinsurance.

Foreign Currency Translation

■ Monetary items are adjusted to reflect the exchange rate in effect at the year-end. Revenue and expense items are translated at the exchange rate in effect at the transaction date. Unrealized gains and/or losses arising on translation are charged to operations in the current year.

■

4. *CASH AND SHORT-TERM INVESTMENTS*

	1990	1989
	(in thousands of dollars)	
Cash and short-term certificates	$81,544	$79,317
Investments maturing within one year	17,502	9,174
	$99,046	$88,491

At October 31, 1990 the Corporation has committed $25.4 million (1989 - $18.4 million) for the purchase of various long term securities.

■

5. *ACCOUNTS RECEIVABLE*

	1990		1989	
	Subrogation	Other	Subrogation	Other
	(in thousands of dollars)			
Accounts receivable	$16,752	$38,651	$13,517	$37,714
Less allowance for doubtful accounts	12,565	2,002	9,825	1,871
	$ 4,187	$36,649	$ 3,692	$35,843

■

■

Notes to Financial Statements (continued)

6. *PROPERTY AND EQUIPMENT*

	1990			1989
	Cost	Accumulated Depreciation and Amortization	Net	Net
	(in thousands of dollars)			
Land	$ 1,403	$ —	$ 1,403	$ 1,403
Land improvements	2,228	85	2,143	2,013
Buildings	12,215	2,705	9,510	9,246
Equipment	10,972	6,368	4,604	3,374
	26,818	9,158	17,660	16,036
Leasehold improvements	2,482	1,428	1,054	161
	$29,300	$10,586	$18,714	$16,197

7. *REINSURANCE*

The Corporation follows the practice of obtaining reinsurance to limit its exposure to losses. Under agreements in effect at October 31, 1990, these reinsurance arrangements limit the Corporation's exposure to a maximum amount of $1,000,000 on any one occurrence.

The reinsurance arrangements also limit the Corporation's liability in respect to a series of claims arising out of a single occurrence, including catastrophic claims, to a maximum of $4,500,000.

These arrangements protect the Corporation against losses up to $130,000,000 combined for the Automobile Insurance Division and the General Insurance Division.

Certain lines of insurance carry maximum limits lower than these amounts. While these arrangements are made to protect against large losses, the primary liability to the policyholders remains with the Corporation.

8. *LEASE COMMITMENTS*

The Corporation is committed to make payments during the next six years on buildings leased for periods of more than one year. The aggregate annual rental of the commitments under the leases, which expire at varying dates to November 30, 199 , are:

1990/91	$1,835,000
1991/92	1,678,000
1992/93	1,666,000
1993/94	1,666,000
1994/95	1,666,000
Balance to expiry	139,000

Notes to Financial Statements (continued)

9. *DISCOUNTED CLAIMS RESERVES*

The provision for unpaid claims includes $15.7 million (1989 - $12.9 million) in unpaid long term disability claims. This provision is discounted to reflect the time value of money.

10. *RECEIVABLE FROM PROVINCE OF MANITOBA*

The Province of Manitoba, in the Appropriation Act, 1988, authorized the funding of the October 31, 1987 deficit of the General Insurance Division's discontinued reinsurance assumed operations in the amount of $32,193,000. The Corporation and the Province of Manitoba will prepare a plan, when required, to determine the timing of payments.

11. *DISCONTINUED OPERATIONS*

a) Reinsurance Assumed

The Corporation underwrote a portfolio of assumed reinsurance, which accepted a portion of the risk of other insurers. Effective November 18, 1987 the Corporation discontinued writing reinsurance assumed business. Claims costs and expenses will continue to be incurred until all claims on existing treaties are settled. In addition, premiums relating to the assumed business will be reflected in operations as they are earned. For the year ended October 31, 1990 the results are:

	1990	1989
	(in thousands of dollars)	
Premiums written	$ 1	$ 1,678
Premiums earned	$ 2	$ 1,871
Investment income	1,419	2,409
Total earned revenues	1,421	4,280
Claims incurred	299	2,364
Operating expenses	698	1,033
Commissions	(19)	540
Total claims and expenses	978	3,937
Income from discontinued reinsurance assumed operations	$ 443	$ 343

b) Personal and Commercial Lines

Effective October 1, 1990, the Corporation discontinued writing personal and commercial insurance policies under an agreement with another Property and Casualty insurer. Policies renewed during the next fifteen months under the terms of that agreement, will earn fees to the Corporation of 7.5% of gross premiums paid. Claims costs and expenses will

Notes to Financial Statements (continued)

continue to be incurred until all claims on existing policies are settled.

For the year ended October 31, 1990, the results of discontinued Personal and Commercial Lines operations are as follows:

	1990	1989
	(in thousands of dollars)	
Premiums written	$11,663	$14,565
Premiums earned	$13,651	$15,380
Investment income	1,890	868
Total earned revenues	15,541	16,248
Claims incurred	4,398	6,265
Claims expense	1,181	1,328
Operating expenses	3,065	3,846
Commissions	3,392	3,725
Premium taxes	693	769
Total claims and expenses	12,729	15,933
Income before disposal costs	2,812	315
Disposal costs	1,923	—
Income from discontinued personal and commercial lines operations	$ 889	$ 315

Included in the balance sheet at October 31, 1990 are the following amounts for all discontinued operations:

Assets	(in thousands of dollars)
Cash and investments	$26,004
Accounts receivable	36,900
Other assets	2,290
	$65,194
Liabilities and Retained Earnings	
Unearned premiums	$ 5,774
Provision for unpaid claims	49,093
Other liabilities	8,307
Retained earnings	2,020
	$65,194

12. *GOODS AND SERVICES TAX*

The financial statements are prepared on a tax free status under the Goods and Services Tax legislation which will come into effect on January 1, 1991.

13. *COMPARATIVE FIGURES*

For comparative purposes, certain 1989 balances have been reclassified to conform with the 1990 financial statement presentation.

Schedule 1

Schedule of Investments as at October 31, 1990

Description of Securities	Par Value	Book Value
Federal:		
Government of Canada	$35,000,000	$34,633,000
Provincial:		
Province of Manitoba	88,876,000	88,687,000
Province of Quebec	7,000,000	6,955,000
Province of New Brunswick	5,000,000	4,629,000
Newfoundland Municipal Financial Corporation	1,250,000	1,250,000
Province of Saskatchewan	7,000,000	6,792,000
Manitoba Telephone System	21,779,000	21,552,000
Ontario Hydro - Electric Commission	4,500,000	4,073,000
Ontario Hydro	32,000,000	29,561,000
Manitoba Hydro	15,821,000	15,236,000
B. C. Hydro & Power	7,600,000	7,103,000
Quebec Hydro-Electric	5,000,000	4,983,000
Quebec Hydro	23,000,000	22,404,000
	218,826,000	213,225,000
Hospitals:		
Arborg and Districts Health Centre	1,448,000	1,448,000
Baldur Hospital District	115,000	115,000
Brandon General Hospital	649,000	644,000
Boissevain Hospital District	395,000	395,000
Boyne Valley Hostel Corporation	672,000	672,000
Carman - Memorial Hospital District No. 20	2,192,000	2,192,000
Dauphin General Hospital	6,000,000	5,868,000
Deloraine Hospital District No. 14	297,000	297,000
The De Salaberry Hospital District No. 27A	95,000	95,000
Fairview Retirement Homes	2,300,000	2,248,000
Flin Flon General Hospital	240,000	240,000
Gimli Hospital District #39	245,000	245,000
Grace General Hospital	316,000	246,000
Health Sciences Centre	1,682,000	1,650,000
Hunter Memorial Hospital District #33	670,000	670,000
Lakeshore District Health System Inc.	1,767,000	1,767,000
MacGregor Personal Care Home	33,000	33,000
Manitoba Hospital Capital Financing Authority	2,045,000	2,045,000

Description of Securities	Par Value	Book Value
Hospitals:		
Misericordia General Hospital	310,000	310,000
Morden Hospital District #21	259,000	259,000
Neepawa Hospital District #9	124,000	124,000
Park Manor Personal Care Home Inc.	84,000	84,000
Pine Falls General Hospital	150,000	150,000
Portage Hospital District #18	225,000	225,000
Red River Valley Health District	274,000	274,000
Roblin Health Centre District	384,000	384,000
Rossburn Personal Care Home Inc.	235,000	235,000
Russell Hospital District #8	160,000	160,000
St. Anthony's General Hospital - The Pas	240,000	240,000
St. Boniface General Hospital	20,000	17,000
Ste. Anne Hospital District No. 26A	1,200,000	1,200,000
Ste. Rose General Hospital	306,000	306,000
Seven Oaks Hospital	1,680,000	1,477,000
Steinbach Hospital District #27	13,000	11,000
Swan River Hospital District #1	160,000	160,000
Thompson General Hospital	795,000	785,000
Tri-Lake Hospital District #15	24,000	24,000
Victoria General Hospital	1,509,000	1,504,000
Victoria-South Norfolk Treherne Hospital District #19	50,000	50,000
Winkler General Hospital	90,000	81,000
Winnipeg General Hospital	23,000	22,000
Winnipegosis General Hospital Inc.	110,000	110,000
Baldur Manor	203,000	203,000
Betel Home Foundation-Selkirk	180,000	180,000
Bethania Mennonite Personal Care Home Inc.	2,008,000	2,008,000
Birtle Health Services District	265,000	265,000
Dauphin Personal Care Home Inc.	230,000	230,000
Ebenezer Home for the Aged	348,000	348,000
Flin Flon Personal Care Home Corporation	575,000	575,000
Gilbert Plains Health Centre Inc.	1,368,000	1,368,000
Goodwin Lodge Inc.	10,000	10,000
Holy Family Nursing Home - Sisters Servants of Mary Immaculate	350,000	350,000

Schedule 1

Schedule of Investments as at October 31, 1990 (continued)

Description of Securities	Par Value	Book Value
Hospitals:		
McCreary/Alonsa Personal Care Home Inc.	50,000	50,000
Manoir De St. Claude	92,000	92,000
Mount Carmel Clinic	1,214,000	1,214,000
North Norfolk MacGregor Medical Nursing Unit District No. 18A	141,000	141,000
Odd Fellows and Rebekahs Personal Care Home Inc.	160,000	160,000
Pinaow Wachi Inc.	45,000	45,000
Riverdale Health Services District	29,000	29,000
Riverdale Personal Care Home	22,000	22,000
Rock Lake Health District	595,000	595,000
Rock Lake Personal Care Home Inc.	145,000	145,000
Rosewood Lodge Inc.	8,000	8,000
Rossburn District Health Centre	435,000	435,000
St. Joseph's Residence	490,000	490,000
Shoal Lake/Strathclair Health Centre	124,000	124,000
Snow Lake Medical Nursing Unit District #40	390,000	390,000
Stonewall and District Health Centre	151,000	151,000
Tabor Senior Citizens Home Inc.	426,000	426,000
Tache Nursing Centre	555,000	555,000
The Pas Health Complex Inc.- St. Paul's Residence	230,000	230,000
The Pas Health Complex Inc.- St. Anthony's General Hospital	325,000	325,000
Third Crossing Manor Inc.	16,000	16,000
Wawanesa and District Health Centre	7,000	7,000
Wawanesa Personal Care Home	170,000	170,000
Winnipegosis-Mossy River Personal Care Home Inc.	232,000	232,000
Whitemouth Medical Nursing Unit District #29A	50,000	50,000
	41,225,000	**40,701,000**

Description of Securities	Par Value	Book Value
Schools:		
The Agassiz School Division #13	2,632,000	2,632,000
Antler River School Division No. 43	681,000	681,000
Assiniboine South School Division No. 3	5,657,000	5,657,000
Beautiful Plains School Division No. 31	1,019,000	1,019,000
Bird Tail River School Division No. 38	888,000	888,000
Brandon School Division #40	7,121,000	7,121,000
Churchill School District No. 2264	44,000	44,000
Dauphin-Ochre School Area#1	1,573,000	1,573,000
Duck Mountain School Division #34	847,000	847,000
Evergreen School Division No. 22	152,000	152,000
Flin Flon School Division #46	491,000	491,000
Fort Garry School Division No. 5	2,167,000	2,167,000
Fort La Bosse School Division No. 41	2,178,000	2,178,000
Frontier School Division No. 48	1,397,000	1,397,000
Garden Valley School Division No. 26	2,559,000	2,559,000
Hanover School Division #15	3,974,000	3,974,000
Interlake School Division #21	894,000	894,000
Intermountain School Division No. 36	586,000	586,000
Kelsey School Division No. 45	724,000	724,000
Lakeshore School Division No. 23	302,000	302,000
Leaf Rapids School District #2460	212,000	212,000
Lord Selkirk School Division No. 11	2,180,000	2,180,000
Lynn Lake School District #2312	33,000	33,000
Midland School Division No. 25	265,000	265,000
Morris-MacDonald School Division No. 19	779,000	779,000
Mountain School Division No. 28	1,653,000	1,653,000
Mystery Lake School District No. 2355	1,598,000	1,598,000

Schedule 1

Schedule of Investments as at October 31, 1990 (continued)

Description of Securities	Par Value	Book Value
Schools:		
Norwood School Division No. 8	488,000	488,000
Pelly Trail School Division No. 37	1,845,000	1,845,000
Pembina Valley School Division No. 27	1,151,000	1,151,000
Pine Creek School Division No. 30	387,000	387,000
Portage La Prairie School Division #24	2,447,000	2,447,000
Red River School Division No. 17	337,000	337,000
Rhineland School Division #18	172,000	172,000
River East School Division #9	6,922,000	6,922,000
Rolling River School Division #39	1,843,000	1,843,000
St. Boniface School Division No. 4	735,000	735,000
St. James-Assiniboine School Division #2	3,105,000	3,105,000
St. Vital School Division #6	9,294,000	9,294,000
Seine River School Division #14	6,469,000	6,469,000
Seven Oaks School Division #10	5,802,000	5,802,000
Souris Valley School Division No. 42	241,000	241,000
South Winnipeg Technical Centre	795,000	795,000
South Winnipeg Vocational Education Centre	925,000	925,000
Swan Valley School Division #35	730,000	730,000
Tiger Hills School Division #29	904,000	904,000
Transcona Springfield School Division #12	7,582,000	7,582,000
Turtle Mountain School Division No. 44	801,000	801,000
Turtle River School Division No. 32	44,000	44,000
Western School Division #47	1,898,000	1,898,000
Winnipeg School Division No. 1	27,962,000	27,962,000
The White Horse Plain School Division #20	678,000	678,000
	126,163,000	**126,163,000**

Description of Securities	Par Value	Book Value
Municipal:		
City of Brandon	1,350,000	1,337,000
City of Flin Flon	3,034,000	3,034,000
City of Portage La Prairie	3,736,000	3,728,000
City of Winnipeg	39,577,000	37,622,000
Metro Corp. of Greater Winnipeg	231,000	188,000
Town of Altona	341,000	341,000
Town of Birtle	167,000	167,000
Town of Boissevain	14,000	14,000
Town of Carman	534,000	534,000
Town of Carberry	114,000	114,000
Town of Dauphin	607,000	607,000
Town of Deloraine	449,000	449,000
Town of Emerson	372,000	372,000
Town of Gimli	389,000	389,000
Town of Gladstone	126,000	126,000
Town of Grandview	172,000	172,000
Town of Killarney	164,000	164,000
Town of Melita	263,000	263,000
Town of Minnedosa	92,000	92,000
Town of Morden	201,000	201,000
Town of Morris	203,000	203,000
Town of Neepawa	208,000	208,000
Town of Oak Lake	1,000	1,000
Town of Rapid City	94,000	94,000
Town of Rivers	26,000	23,000
Town of Roblin	433,000	433,000
Town of Russell	449,000	449,000
Town of Selkirk	731,000	731,000
Town of Snow Lake	62,000	62,000
Town of Steinbach	599,000	599,000
Town of Stonewall	235,000	235,000
Town of Swan River	308,000	308,000
Town of Virden	462,000	462,000
Town of Winnipeg Beach	29,000	29,000
Village of Arborg	47,000	47,000
Village of Benito	67,000	67,000
Village of Binscarth	64,000	64,000
Village of Crystal City	14,000	14,000
Village of Erickson	15,000	15,000
Village of Ethelbert	7,000	7,000
Village of Gilbert Plains	60,000	60,000
Village of Gretna	90,000	90,000
Village of Hamiota	24,000	24,000
Village of Lac du Bonnet	107,000	107,000
Village of MacGregor	13,000	13,000
Village of Manitou	200,000	200,000

Schedule 1

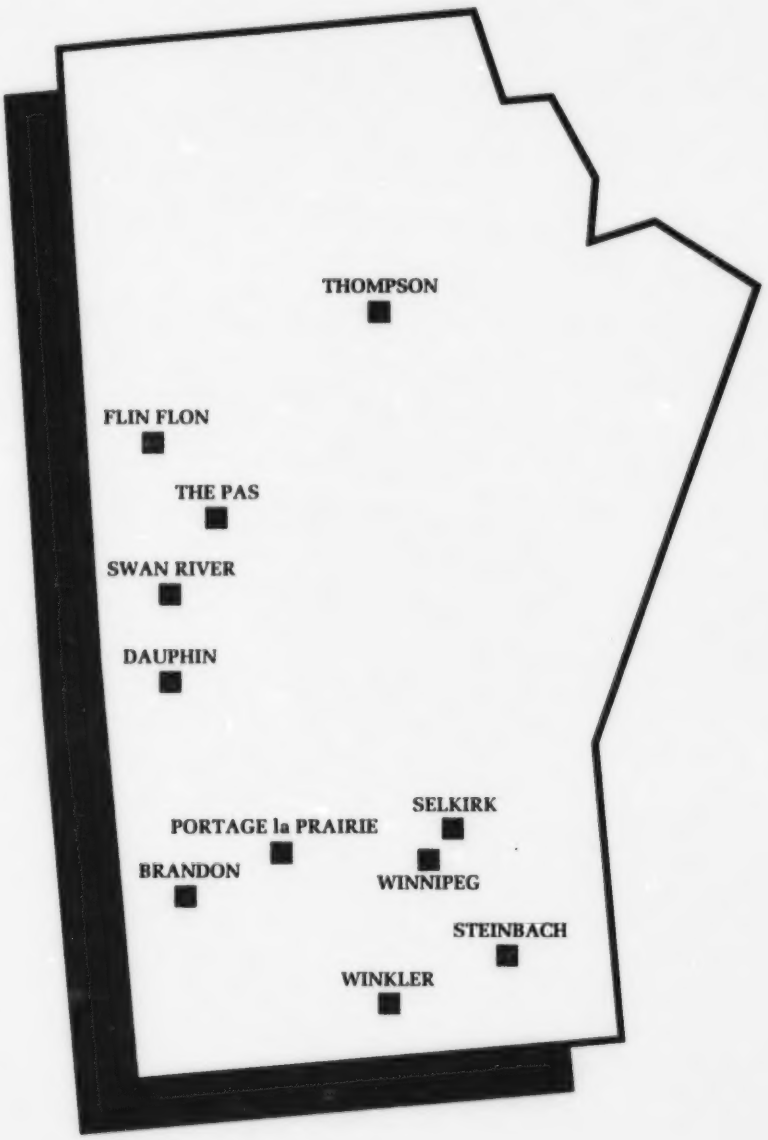
Schedule of Investments as at October 31, 1990 (continued)

Description of Securities	Par Value	Book Value
Municipal:		
Village of Minitonas	34,000	34,000
Village of Niverville	151,000	151,000
Village of Notre Dame De Lourdes	438,000	438,000
Village of Pilot Mound	49,000	49,000
Village of Powerview	122,000	122,000
Village of Riverton	6,000	6,000
Village of Rossburn	83,000	83,000
Village of Shoal Lake	226,000	226,000
Village of Somerset	252,000	252,000
Village of Ste. Anne	117,000	117,000
Village of St. Pierre	23,000	23,000
Village of St. Pierre-Jolys	237,000	237,000
Village of Teulon	22,000	22,000
Village of Treherne	109,000	109,000
Rural Municipality of Argyle	106,000	106,000
Rural Municipality of Brenda	44,000	44,000
Rural Municipality of Brokenhead	218,000	218,000
Rural Municipality of Cartier	5,000	5,000
Rural Municipality of Coldwell	180,000	180,000
Rural Municipality of De Salaberry	10,000	10,000
Rural Municipality of Edward	113,000	113,000
Rural Municipality of Franklin	113,000	113,000
Rural Municipality of Glenella	66,000	66,000
Rural Municipality of Grey	9,000	9,000
Rural Municipality of Hanover	440,000	440,000
Rural Municipality of La Broquerie	441,000	441,000
Rural Municipality of MacDonald	1,448,000	1,448,000
Rural Municipality of Montcalm	137,000	137,000
Rural Municipality of Morris	472,000	472,000
Rural Municipality of North Norfolk	298,000	298,000
Rural Municipality of Pipestone	10,000	10,000
Rural Municipality of Portage La Prairie	72,000	72,000
Rural Municipality of Ritchot	314,000	314,000
Rural Municipality of Rockwood	77,000	77,000
Rural Municipality of Roland	104,000	104,000
Rural Municipality of Ste. Rose	9,000	9,000
Rural Municipality of Siglunes	132,000	132,000
Rural Municipality of Springfield	15,000	15,000
Rural Municipality of Tache	11,000	11,000
Rural Municipality of Thompson	18,000	18,000
Rural Municipality of Victoria Beach	148,000	148,000
Rural Municipality of Woodlands	249,000	249,000
Local Government District of Consol	457,000	457,000
Local Government District of Fisher	353,000	353,000
Local Government District of Leaf Rapids	1,469,000	1,469,000
	65,888,000	**63,866,000**
	$487,102,000	**$478,588,000**

Claims Centres and Administrative Offices in Manitoba

Rural Addresses

- **Brandon Head Office/Claims Centre**
  731-1st Street R7A 6C3
  729-9400 (head office)
  729-9555 (claims centre)
  1-800-852-2743 (Brandon rural)
- **Dauphin Claims Centre**
  217 Industrial Road R7N 2V5
  638-5111
- **Flin Flon Claims Centre**
  8 Timber Lane Road R8A 1M9
  687-7563
- **Portage la Prairie Claims Centre**
  2007 Saskatchewan Avenue West
  R1N 3J9
  857-9751
- **Selkirk Claims Centre**
  630 Sophia Street R1A 2K1
  482-3839
- **Steinbach Claims Centre**
  91 North Front Drive R0A 2A0
  326-4453
- **Swan River Claims Centre**
  125-4th Avenue North R0L 1Z0
  734-4574
- **The Pas Claims Centre**
  424 Fischer Avenue R9A 1R5
  623-6487
- **Thompson Claims Centre**
  53 Commercial Place R8N 0B6
  778-7351
- **Winkler Claims Centre**
  600 Memorial Drive ROG 2X0
  325-9538



Winnipeg Addresses

- Winnipeg Bodily Injury
  Claims Centre
  832-330 Graham Avenue
  R3C 4A4
  985-7333
- Winnipeg Administrative Office
  9th Floor, 330 Graham Avenue
  R3C 4A4
  985-7000
- Winnipeg Public Enquiries
  (for all of Manitoba)
  820-330 Graham Avenue
  R3C 4A4
  985-7222 (collect)
- North Winnipeg Claims Centre
  445 King Street
  R2W 5H2
  985-7909
- West Winnipeg Claims Centre
  124 King Edward Street
  R3H 0V9
  985-8933
- South Winnipeg Claims Centre
  930 St. Mary's Road
  R2M 4A8
  985-8668
- South Central Winnipeg
  Claims Centre
  420 Pembina Highway
  R3L 2E9
  985-7884
- North Central Winnipeg
  Claims Centre
  1103 Pacific Avenue
  R3E 1G7
  985-8818
- Winnipeg Commercial
  Vehicles Claims Centre
  1981 Plessis Road
  R2C 2Z2
  224-1291